

SENATE BILL REPORT

SB 6746

As of February 5, 2008

Title: An act relating to the sales and use tax exemption of materials and services used in the weatherization assistance program.

Brief Description: Creating a sales and use tax exemption of materials and services used in the weatherization assistance program.

Sponsors: Senators Brown, Marr, Pridemore, Rasmussen and Kilmer.

Brief History:

Committee Activity: Ways & Means: 2/04/08.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Dean Carlson (786-7305)

Background: Retail sales and use taxes are imposed by the state, most cities, and all counties. Retail sales taxes are imposed on retail sales of most articles of tangible personal property and some services. Use taxes apply to the value of most tangible personal property and some services when used in this state, if retail sales taxes were not collected when the property or services were acquired by the user. Use tax rates are the same as retail sales tax rates. The state tax rate is 6.5 percent. Local tax rates vary from 0.5 percent to 2.4 percent. The federal Department of Energy (DOE) operates a weatherization assistance program (WAP) to assist low-income families who lack resources to invest in energy efficiency. The WAP was created in 1976. The WAP is operated in all 50 states. The funds provided by Congress, through the DOE, are used to improve the energy efficiency of low-income dwellings. The DOE distributes money to the states. In Washington, the Department of Community, Trade, and Economic Development (DCTED) administers the program. The DCTED, in turn, contracts with local governmental or nonprofit agencies to deliver weatherization services to low-income clients in their areas. Typical weatherization services include installing insulation in walls, floors, and attics; reducing air infiltration and pressure imbalances; sealing and repairing ducts; and tuning and repairing heating and cooling units. Most of the services and materials related to weatherizing a home are subject to sales and use taxes.

Summary of Bill: Bill as referred to committee was not considered.

EFFECT OF CHANGES MADE BY WAYS & MEANS COMMITTEE (Proposed Substitute): Tangible personal property and services used in the weatherization of residence under the Washington weatherization assistance program are exempt from sales and use tax.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Appropriation: None.

Fiscal Note: Requested on January 23, 2008.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: The Northwest Energy Coalition supports this bill. This will increase help for the poorest energy users and will have an indirect economic benefit for all rate payers. This really helps people who have to choose between heat and eating. This will also be a big help to reach the state's greenhouse gas goals.

Persons Testifying: PRO: Carrie Dolwick, Northwest Energy Coalition.